

**VILLAGE OF MULLIKEN  
EATON COUNTY, MICHIGAN**

**REPORT OF AUDIT  
AS OF  
FEBRUARY 29, 2008**

**FOOTE and LLOYD  
CERTIFIED PUBLIC ACCOUNTANTS  
BATTLE CREEK, MICHIGAN**

**VILLAGE OF MULLIKEN  
EATON COUNTY, MICHIGAN**

**ELECTED OFFICERS  
2007 - 2008**

President	Robert Piercefield
Clerk	Judy VanDeVelde
Treasurer	Sharon Kempf

**COUNCIL**

Susie Debler	Sandra Kelly
Robert Kelly	Kelli Waldo
Julia Vedder	Barb Seymour

2000 Census

Population 557

## VILLAGE OF MULLIKEN

---

### Contents

<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	2-3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	7
Notes to Financial Statements	8-15
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund (Major Special Revenue Funds)	16
<b>Additional Information</b>	
Statement of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual - General Fund	17
Statement of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual - Sewer Fund	18
Statement of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual - Major Street Fund	19
Statement of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual - Local Street Fund	20
<b>Letter of Comment</b>	21



CERTIFIED PUBLIC ACCOUNTANTS  
TWO WEST MICHIGAN , SUITE 210  
BATTLE CREEK, MI 49017  
TELEPHONE (269) 962-7518  
FAX (269) 962-7510

CHARLES W. FOOTE  
\* DONALD L. LLOYD  
---  
GLEN C. SAUER

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
MICHIGAN ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
\*FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Village President and  
Members of the Council  
Village of Mulliken  
Eaton County, Michigan

We have audited the general purpose financial statements of the Village of Mulliken, Eaton County, Michigan, as of and for the year ended February 29, 2008, as listed in the table of contents. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and including those prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Mulliken, Eaton County, Michigan, as of February 29, 2008, and the results of its operation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and the individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Mulliken, Eaton County, Michigan. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan  
August 20, 2008

**VILLAGE OF MULLIKEN**  
**Management's Discussion and Analysis**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

In a condensed format, the table below shows net assets as of fiscal year-end:

	Governmental Activities 2-29-08	2-28-06 (2-28-07 was not audited)
Current Assets	511,970	568,864
Noncurrent Assets	<u>217,508</u>	<u>182,501</u>
Total Assets	729,478	751,365
Other Liabilities	<u>16,898</u>	<u>2,962</u>
Total Liabilities	16,898	2,962
Net Assets		
Invested in Capital Assets - Net of Debt	217,508	182,501
Restricted for Capital Projects	-	-
Unrestricted	<u>495,072</u>	<u>565,902</u>
Total Net Assets	<u>712,580</u>	<u>748,403</u>

The following table shows the changes of the net assets:

	Governmental Activities 2-29-08	2-28-06 (2-28-07 was not audited)
Program Revenues		
Charges for Services	61,446	54,103
General Revenues		
Property Taxes	49,194	47,864
State-Shared Revenues	88,805	90,248
Unrestricted Investment Earnings	18,742	13,779
Miscellaneous	12,659	4,562
Transfers	<u>-</u>	<u>-</u>
Total Revenues	230,846	210,556

**VILLAGE OF MULLIKEN**  
**Management's Discussion and Analysis**  
**Page 2**

	Governmental Activities 2-29-08	2-28-06 (2-28-07 was not audited)
Program Expenses		
General Government	57,560	61,573
Public Works	206,392	113,475
Recreation and Culture	<u>5,015</u>	<u>4,428</u>
Total Expenses	<u>268,967</u>	<u>179,476</u>
Change in Net Assets	<u>(38,121)</u>	<u>31,080</u>

In the opinion of the Village of Mulliken executives, the financial position of the Village of Mulliken has deteriorated slightly during the past year.

The government activities related to this deterioration were primarily repairs and upgrades.

The only fund that experienced a significant change in the fund balance during the last year was the sewer fund, primarily because of repairs and upgrades and new transfer valves.

The Village of Mulliken only has one fund that has a restriction on the availability of fund resources. The limited transfer of funds from the major street fund revenues limits the local street fund. Consequently, the local street fund expenditures are limited.

The reduction of property values and corresponding tax revenues will also impact revenues in the future. The coming year should see a stabilization of fund monies as no significant projects are scheduled.

**VILLAGE OF MULLIKEN**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**FEBRUARY 29, 2008**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	474,188	-	474,188
Receivables (Net)	37,782	-	37,782
Capital Assets-Net	<u>217,508</u>	<u>-</u>	<u>217,508</u>
Total Assets	729,478	-	729,478
<b>Liabilities</b>			
Accounts Payable	<u>16,898</u>	<u>-</u>	<u>16,898</u>
Total Liabilities	16,898	-	16,898
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	217,508	-	217,508
Restricted for Capital Projects	-	-	-
Unrestricted	<u>495,072</u>	<u>-</u>	<u>495,072</u>
Total Net Assets	<u>712,580</u>	<u>-</u>	<u>712,580</u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF MULLIKEN**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED FEBRUARY 29, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>Primary Government</b>						
General Government	57,560	15,491	-	-	(42,069)	-
Public Works	206,392	45,955	-	-	(160,437)	-
Recreation and Culture	5,015	-	-	-	(5,015)	-
Total Governmental Activities	268,967	61,446	-	-	(207,521)	-
<b>Business Type-Activities</b>						
Water and Sewer	-	-	-	-	-	-
Total Primary Government	268,967	61,446	-	-	(207,521)	-

**General Revenues**

Property Taxes	49,194	-	49,194
State-Shared Revenues	88,805	-	88,805
Unrestricted Investment Earnings	18,742	-	18,742
Miscellaneous	12,659	-	12,659
Transfers	-	-	-
Total General Revenues--Special Items and Transfers	169,400	-	169,400
Change in Net Assets	(38,121)	-	(38,121)
Net Assets - Beginning	750,701	-	750,701
Net Assets - Ending	712,580	-	712,580

The Notes to Financial Statements are an integral part of this statement.



**VILLAGE OF MULLIKEN  
GOVERNMENTAL FUND BALANCE SHEET  
FEBRUARY 29, 2008**

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	255,086	84,793	111,827	22,482	474,188
Receivables - Net	15,917	18,472	2,505	888	37,782
Interfund Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	271,003	103,265	114,332	23,370	511,970
<b>Liabilities</b>					
Accounts Payable	737	16,161	-	-	16,898
Interfund Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	737	16,161	-	-	16,898
<b>Fund Balances</b>					
Reserved for Capital Projects	-	-	-	-	-
Unreserved	<u>270,266</u>	<u>87,104</u>	<u>114,332</u>	<u>23,370</u>	<u>495,072</u>
Total Fund Balances	<u>270,266</u>	<u>87,104</u>	<u>114,332</u>	<u>23,370</u>	<u>495,072</u>

Amounts reported for governmental activities in the statement of net assets are different because:

*Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>217,508</u>
Net Assets of Governmental Activities	<u>712,580</u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF MULLIKEN**  
**GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**FISCAL YEAR ENDED FEBRUARY 29, 2008**

	General Fund	Sewer Fund	Major Streets Fund	Local Streets Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and Penalties	49,194	-	-	-	49,194
State-Shared Revenues	46,001	-	31,599	11,205	88,805
Charges for Services	15,491	45,955	-	-	61,446
Interest	12,204	3,176	3,099	263	18,742
Other Revenue	<u>9,970</u>	<u>-</u>	<u>45</u>	<u>2,644</u>	<u>12,659</u>
Total Revenues	132,860	49,131	34,743	14,112	230,846
<b>Expenditures</b>					
Current					
General Government	81,328	-	-	-	81,328
Public Works	34,615	133,357	22,248	16,172	206,392
Recreation and Culture	<u>5,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,015</u>
Total Expenditures	120,958	133,357	22,248	16,172	292,735
<b>Excess of Revenues Over (Under) Expenditures Other Financing Sources (Uses)</b>	11,902	(84,226)	12,495	(2,060)	(61,889)
Transfers In	-	100,000	-	7,950	107,950
Transfers (Out)	<u>(100,000)</u>	<u>-</u>	<u>(7,950)</u>	<u>-</u>	<u>(107,950)</u>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	(88,098)	15,774	4,545	5,890	(61,889)
Fund Balance - Beginning of Year	<u>358,364</u>	<u>71,330</u>	<u>109,787</u>	<u>17,480</u>	<u>556,961</u>
Fund Balance - End of Year	<u><u>270,266</u></u>	<u><u>87,104</u></u>	<u><u>114,332</u></u>	<u><u>23,370</u></u>	495,072

Amounts reported for governmental activities in the statement of activities are different because:

\*Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

23,768

**Change in Net Assets of Governmental Activities**

**(38,121)**

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A. Reporting Entity**

The Village of Mulliken was organized in 1887 and covers an area of 1 square mile. The Village operates under an elected council of six members and provides services to its almost 600 residents in many areas including highway and street maintenance, construction, and sanitation service. The General Purpose Financial Statements contain all the funds and account groups that are controlled by or dependent on the Village's executive or legislative branches. There are no component units included in the reporting entity.

**Blended Component Units** - There are no blended component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All of the governmental funds are major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village property tax is levied on each July 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Village as of the preceding December 1<sup>st</sup>.

Although the Village ad valorem tax is levied and collectible on July 1, it is the Village's policy to recognize revenue from the current tax levy in the subsequent year OR the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Village totaled \$11,560,700, on which ad valorem taxes levied consisted of 4.2554 mills for the Village operating purposes. These amounts are recognized in the respective financial statements as taxes receivables-current or as tax revenue.

All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

There are also three Special Revenue Funds as follows:

The Sewer Fund accounts for the operation and maintenance of the sewer system and for all related revenues.

The Major Street Fund accounts for the construction and maintenance of state trunklines and for all related revenues.

The Local Street Fund accounts for the construction and maintenance of local streets and for all related revenues.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and any business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 1<sup>st</sup>. Taxes are considered delinquent on September 15<sup>th</sup> of the following year, at which time penalties and interest are assessed.

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimates useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 50 years
Vehicles	6 to 10 years
Equipment	10 to 20 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

It is the government's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The differences between the government-wide and fund financial statements are reconciled as shown at the bottom of the fund financial statements.

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Village for these budgetary funds were adopted to the line item level and were amended primarily because of the unexpected need for street maintenance.

During the year ended February 29, 2008, the Village incurred expenditures in no budgetary funds which were in excess of the amounts appropriated.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Council has designated five banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash				
Equivalents	474,188	-	-	474,188
Investments		-	-	-
Restricted Assets		-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>474,188</u>	<u>-</u>	<u>-</u>	<u>474,188</u>

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	474,188
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
	<hr/>
Total	<u>474,188</u>

The bank balance of the primary government's deposits is \$474,686, of which \$370,000 is covered by federal depository insurance and \$0 is collateralized.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Government Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

At year-end, the government held no investments except cash and cash equivalents.

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major and Nonmajor funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sewer Fund	Major Streets Fund	Local Streets Fund	Total
Taxes Receivable	5,234	2,350	-	-	7,584
Accounts	1,471	15,970	-	-	17,441
Intergovernmental	8,018	-	2,505	888	11,411
Interest and Other	<u>1,194</u>	<u>152</u>	<u>-</u>	<u>-</u>	<u>1,346</u>
Gross Receivables	15,917	18,472	2,505	888	37,782
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>15,917</u>	<u>18,472</u>	<u>2,505</u>	<u>888</u>	<u>37,782</u>

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	-	-
Special Assessments	-	-
Grant Drawdowns Prior to Meeting all Eligibility Requirements	<u>-</u>	<u>-</u>
Total	<u><u>None</u></u>	<u><u>None</u></u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	47,700	-	-	47,700
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	47,700	-	-	47,700
Capital Assets Being Depreciated				
Buildings	161,338	-	-	161,338
Equipment	66,082	4,700	-	70,782
Vehicles	<u>13,000</u>	<u>27,358</u>	<u>-</u>	<u>40,358</u>
Subtotal	240,420	32,058	-	272,478
Less: Accumulated Depreciation for				
Buildings	58,894	3,134	-	62,028
Equipment	22,486	4,179	-	26,665
Vehicles	<u>13,000</u>	<u>977</u>	<u>-</u>	<u>13,977</u>
Subtotal	<u>94,380</u>	<u>8,290</u>	<u>-</u>	<u>102,670</u>
Net Capital Assets Being Depreciated	<u>146,040</u>	<u>23,768</u>	<u>-</u>	<u>169,808</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>193,740</u>	<u>23,768</u>	<u>-</u>	<u>217,508</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated	<u>8,290</u>
Total Governmental Activities	<u><u>8,290</u></u>



**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 7 - RISK MANAGEMENT**

The Village's insurance for Workers' Compensation, General Liability and Property Loss and Fleet insurance is carried by an insurance company. The Village is not self-insured other than for minimal deductibles. No known material claims are outstanding. Insurance coverage is substantially the same as in previous years.

**NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

The Township has a defined contribution pension plan for the elected officials. Contributions for the past three years are:

2-29-06	\$7,808
2-28-07	3,504 (unaudited)
2-28-08	0 (discontinued)

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amounts of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

**NOTE 9 – INTERFUND BALANCES**

The General Fund transferred \$100,000 to the Sewer Fund in order to do repairs to the sewer system. Any repayment to the General Fund is not expected to take place within one year.

**NOTE 10 - CONSTRUCTION PERMIT FEES**

The Village does not charge fees for the issuance of construction permits. Therefore, there is no fund balance for such activity.

**VILLAGE OF MULLIKEN**  
**Notes to Financial Statements**  
**February 29, 2008**

**NOTE 11 - BUDGET**

The reconciliation of the budget information to GAAP financial statements is as follows:

	<u>Budget</u>		<u>Government-Wide Statement of Activities</u>
Amounts Available	787,807		
Minus: Beginning of Fund Balance	<u>(556,961)</u>		
	230,846	Revenues	230,846
Expenses	292,735		
Plus: Depreciation	8,290		
Minus: Equipment Purchases	<u>(32,058)</u>		
	268,967	Expenses	268,967

## **Required Supplemental Information**

**VILLAGE OF MULLIKEN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND & SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED FEBRUARY 29, 2008**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Beginning of Year Fund Balance	556,961	556,961	556,961	-
Resources (Inflows)				
Property Taxes	48,000	48,000	49,194	1,194
State-Shared Revenues	86,000	86,000	88,805	2,805
Charges for Services	56,200	56,200	61,446	5,246
Interest	14,500	14,500	18,742	4,242
Other	4,500	4,500	12,659	8,159
Transfers from Other Funds	-	-	-	-
Amounts Available for Appropriation	766,161	766,161	787,807	21,646
Charges to Appropriations (Outflows)				
General Government				
City Council	5,500	5,500	4,805	695
Administration	14,200	14,200	13,400	800
Township Hall	11,500	11,500	13,475	(1,975)
Legal and Ordinances	2,000	2,000	-	2,000
Insurance	11,500	11,500	8,533	2,967
Employee Benefits	3,025	3,025	2,445	580
Other	5,000	6,900	6,612	288
Elections	-	-	-	-
Cultural				
Library	4,800	4,800	5,015	(215)
Public Works				
General Maintenance	37,400	33,900	27,511	6,389
Sidewalks and Trees	1,000	1,000	825	175
Recycling and Cleanup Day	6,500	6,500	6,279	221
Street Maintenance	41,815	45,215	38,420	6,795
Sewage Treatment	47,365	156,465	133,357	23,108
Capital Outlay	20,000	33,000	32,058	942
Total Charges to Appropriations	211,605	335,505	292,735	42,770
Budgetary Fund Balance - End of Year	554,556	430,656	495,072	64,416

The Notes to Financial Statements are an integral part of this statement.

## **Additional Information**

**VILLAGE OF MULLIKEN**  
**STATEMENT OF REVENUES, EXPENDITURES &**  
**CHANGES IN FUND BALANCE - BUDGET & ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
2007 Tax Roll	48,000	49,194	1,194
Intergovernmental Revenue - State	45,000	46,001	1,001
Charges for Services	17,200	15,491	(1,709)
Interest	9,500	12,204	2,704
Other	<u>4,500</u>	<u>9,970</u>	<u>5,470</u>
Total Revenues	124,200	132,860	8,660
<b>Expenditures</b>			
General Government			
Wages - Village Council	5,500	4,805	695
- Administration	14,200	13,400	800
Township Hall & Grounds	11,500	13,475	(1,975)
Legal, Ordinances & Audit	2,000	-	2,000
Other	6,900	6,612	288
Public Works			
Wages	13,000	9,444	3,556
Repairs & Maintenance	17,900	17,154	746
Sidewalks & Trees	1,000	825	175
Recycling & Cleanup Day	6,500	6,279	221
Other	3,000	913	2,087
Cultural			
Library	4,800	5,015	(215)
Other			
Insurance	11,500	8,533	2,967
Employee Benefits	3,025	2,445	580
Capital Outlay	<u>33,000</u>	<u>32,058</u>	<u>942</u>
Total Expenditures	<u>133,825</u>	<u>120,958</u>	<u>12,867</u>
<b>Other Financing Sources (Uses)</b>			
Transfer to Sewer Fund	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	(9,625)	(88,098)	(78,473)
<b>Fund Balance - Beginning of Year</b>	<u>358,364</u>	<u>358,364</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>348,739</u></u>	<u><u>270,266</u></u>	<u><u>(78,473)</u></u>

The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF MULLIKEN**  
**STATEMENT OF REVENUES, EXPENDITURES &**  
**CHANGES IN FUND BALANCE - BUDGET & ACTUAL**  
**SEWER FUND**  
**FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for Services - Billings	39,000	45,955	6,955
Interest	2,400	3,176	776
Other	-	-	-
Total Revenues	41,400	49,131	7,731
<b>Expenditures</b>			
Salaries - Maintenance	22,000	7,870	14,130
- Administration	6,000	6,000	-
Benefits & Payroll Taxes	2,040	1,725	315
Supplies & Other	6,925	2,378	4,547
Utilities	2,000	1,697	303
Equipment Rental	4,000	3,534	466
Repairs & Maintenance	112,500	110,153	2,347
Capital Outlay	1,000	-	1,000
Total Expenditures	156,465	133,357	23,108
<b>Other Financing Sources (Uses)</b>			
Transfer from General Fund	-	100,000	100,000
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	(115,065)	15,774	130,839
<b>Fund Balance - Beginning of Year</b>	71,330	71,330	-
<b>Fund Balance - End of Year</b>	(43,735)	87,104	130,839

The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF MULLIKEN  
STATEMENT OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
MAJOR STREET FUND  
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental Revenues	29,000	31,599	2,599
Interest	2,400	3,099	699
Other	<u>-</u>	<u>45</u>	<u>45</u>
Total Revenues	31,400	34,743	3,343
<b>Expenditures</b>			
Highway & Streets			
Routine Maintenance	17,477	14,684	2,793
Winter Maintenance	<u>9,003</u>	<u>7,564</u>	<u>1,439</u>
Total Expenditures	<u>26,480</u>	<u>22,248</u>	<u>4,232</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	4,920	12,495	7,575
<b>Other Financing Sources (Uses)</b>			
Transfer to Local Street Fund (25%)	<u>(8,000)</u>	<u>(7,950)</u>	<u>50</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures &amp; Other Uses</b>	(3,080)	4,545	7,625
<b>Fund Balance - Beginning of Year</b>	<u>109,787</u>	<u>109,787</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>106,707</u>	<u>114,332</u>	<u>7,625</u>

The Notes to Financial Statements are an integral part of these statements.



**VILLAGE OF MULLIKEN  
STATEMENT OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
LOCAL STREET FUND  
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental Revenues	12,000	11,205	(795)
Interest	200	263	63
Other	<u>-</u>	<u>2,644</u>	<u>2,644</u>
Total Revenues	12,200	14,112	1,912
<b>Expenditures</b>			
Highways & Streets			
Routine Maintenance	12,365	10,674	1,691
Winter Maintenance	<u>6,370</u>	<u>5,498</u>	<u>872</u>
Total Expenditures	<u>18,735</u>	<u>16,172</u>	<u>2,563</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(6,535)	(2,060)	4,475
<b>Other Financing Sources (Uses)</b>			
Transfer From Major Street Fund	<u>8,000</u>	<u>7,950</u>	<u>(50)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	1,465	5,890	4,425
<b>Fund Balance - Beginning of Year</b>	<u>17,480</u>	<u>17,480</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>18,945</u>	<u>23,370</u>	<u>4,425</u>

The Notes to Financial Statements are an integral part of these statements.

# *Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS  
TWO WEST MICHIGAN , SUITE 210  
BATTLE CREEK, MI 49017  
TELEPHONE (269) 962-7518  
FAX (269) 962-7510

CHARLES W. FOOTE  
\* DONALD L. LLOYD  
---  
GLEN C. SAUER

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
MICHIGAN ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
\*FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

To the Mulliken Village Council and the officers  
of the Village of Mulliken

In planning and performing our audit of the financial statements of the governmental activities fund information of the Village of Mulliken as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Mulliken's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control that we consider to be significant.

The Michigan Department of Treasury's Uniform Chart of Accounts for Local Governments was not being used in the accounting system. This deficiency has since been remedied. Also, the transfer of funds from the General Fund to the Sewer Fund was not budgeted for.

This communication is intended solely for the information and use of management, the village council , and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

## *Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan  
August 20, 2008